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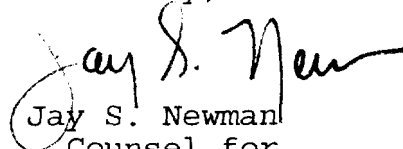
Mr. William Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: Ex Parte Filing in MM Docket No. 92-260

Dear Mr. Caton:

In accordance with Section 1.1200 et seq. of the Commission's rules, attached herewith for inclusion in the record of the above-referenced proceeding is an article entitled "In-home wiring: an arm wrestling match" which appeared in the June 1995 issue of CED: Communications Engineering & Design. The article describes the importance of access to inside wiring for competition to develop in the video marketplace. As the NCTA so aptly states in the article, "in our view, getting control of the cable drop wiring is the whole ball game".

Sincerely,


Jay S. Newman

Counsel for
Liberty Cable Company, Inc.

Attachment

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In-home wiring: an arm wrestling match

Debate arises over best way to ensure competition



By Dana Cervenka

One of the legacies of the Cable Act of 1992 is that cable operators are now required to offer their "inside wiring" to customers who disconnect from their service: if those customers elect not to purchase the wiring, the operator has 30 days in which to remove it, or lose it. While this provision is being quietly implemented as it applies to single family homes, a controversy has erupted in its application to multiple dwelling units (MDUs). That controversy is leading to a wiring tug-of-war, with cable operators pulling at one end, and wireless cable, telcos and other service providers pulling at the other.

In that battle, one of the major skirmishes concerns the definition of where the inside wiring physically begins and ends. When the Federal Communications Commission adopted its rules, it defined the subscriber's inside wiring to terminate at 12 inches outside of the single family home, or, in the case of MDUs, at 12 inches outside of the dwelling unit. Anything beyond that 12 inches is the property of the cable operator. Several groups, including telcos, microwave and SMATV operators, however, objected to the FCC's definition and filed petitions seeking to move the demarcation point beyond the 12-inch mark, locations where they say it would be much easier to gain access to the wiring, and thus provide service.

Battle in the Big Apple

The most well-publicized wiring disputes have occurred in New York City between Time Warner Cable, and wireless provider Liberty Cable, headed by President Peter Price, former publisher of the *New York Post*. In NYC alone, it is estimated that Time Warner has spent \$100 million on inside wiring. And it is to the plant, as well as to that of Cablevision, that Liberty seeks access.

The wiring access issue, says Liberty's Price, is one of basic competition. "How does an individual actually get [other services] without having their floorboards torn up? If you don't address that, forget about programming and technology—there simply will be no effective consumer choice."

Liberty, which currently has about 30,000 subscribers in New York City, has been successful with its approach of privately negotiating with each individual building (apartments, hotels, and other MDUs) it wishes to serve, often by undercutting the incumbent cable operator's prices and offering other special incentives to building managers. Those managers who contract with Liberty for service

PHOTO BY PEG INTERNATIONAL

◆ IN-HOME WIRING

must agree to switch all of their residents over to the wireless cable provider."

But Liberty has had some difficulties in reaching its customers. The current definition of inside wiring, says Price, does not go far enough to allow competitive cable providers easy access to subscribers, and is an arbitrary point of demarcation. For example, in the case of MDUs, the 12-inch demarc may be encased in the concrete floor, in the wall, or at some other equally inaccessible location.

For the MDUs it currently serves, Liberty has chosen to connect up either to the junction box in the stairwell, or to a point in the basement where the MATV wiring connects to all of the apartments, and in some cases, is running its own wiring into the building's hallway molding, where space permits. The latter approach is not without problems, notes Price, as there is often precious little space for another provider's wiring to run alongside the incumbent's in the conduit.

"What's the fourth and fifth Liberty of the world to do?," he asks. "Try to jam more in two months later? It's just unworkable." Not only that, but the ownership of the molding itself is often in dispute as well.

A universal demarc

It is because of these physical barriers that Liberty is proposing that a "universal demarcation point" be defined by the Commission. In a letter to the FCC's John Nakahata, who is special assistant to the Office of the Chairman, Price defines that demarc to be "where the individual subscriber line meets the common lines of the incumbent cable provider." For single family residences, that would move the demarc to the pole; for MDUs, depending on the age of the building, that would usually mean that the connection point would be moved to the junction box.

Price feels that this approach is the most sensible solution for providing access to more than one service provider. In the case of single family homes, he believes that "the consumer won't rewire his home, or turn his backyard into spaghetti to have six competing suppliers run six cables to his house."

Industry sources say that the FCC has some reservations about whether the proposed universal demarcation point would really foster competition, or whether it would merely supplant one provider with another. The broad bandwidth required by video services does not permit the provision of multiple, multichannel services down the same wire. And new services such as interactive video and cable telephony will only compound the bandwidth problem. Separate, parallel facilities would be

required to offer more than one service to the consumer.

Price dismisses the bandwidth issue: "There is always a way to serve the one or two people who want multiple services from different suppliers, even though it makes no economic sense." In his letter to Nakahata, he cites consumer behavior in the long distance arena as an example, where few residential consumers choose to sign up for service from different interexchange carriers simultaneously.

The situation in New York is not likely to calm down anytime soon: Liberty's next move will be to offer service to single family residences in suburban New York.

Time Warner, of course, has a rather different view of the inside wiring issue. What operators like Liberty are really after, says Larry Pestana, vice president of engineering with Time Warner Cable property Paragon Cable, is to commandeer the entire, interior wiring infrastructure

'We should have as many wires to the apartment as there are competitors'

that Time Warner originally paid for and built—and not just the 12-inch portion that the FCC has earmarked for the wireless operator's use. For a typical MDU in New York City, that original investment in inside wiring could run as high as \$200 per unit.

Consumer choice

It is not the cost of the drop wiring itself that is irksome to Time Warner—the operator is generally satisfied with the six-cents-per-foot fee it is paid for inside wiring when a customer elects to purchase it. Pestana, like Price, says that the main issue revolves around allowing consumers to have freedom of choice. He does not agree with Price's view that sharing the same facilities will promote competition among service providers.

Pestana explains that the plethora of new, broadband services scheduled to reach the home in the near future will demand separate pipes. "We should have as many wires to the apartment as there are competitors," he declares. "If you have a single piece of coax going into a customer's apartment, that means

that they have to buy data services, and video and telephony services that the cable companies will be offering, all from the same guy—I don't think that's competition."

And even before new services are launched, there are technical issues today that are associated with Liberty's approach of connecting into Time Warner's junction boxes, says Pestana. "We have had some problems with signal leakage, and the overall maintenance of the plant becomes a problem," he reports. "As we start offering more sophisticated services, the integrity of the plant becomes more important, and they are not helping that at all."

This has also led to a system management problem. With techs from two different companies working on the same part of the plant, Pestana can no longer hold his people accountable for the condition of the wiring inside the box. Time Warner also reports instances in its New York City systems of cuts in tags used to identify their cable, resulting in Liberty's inadvertent disconnection of the wrong subscribers.

To be revisited

Though the FCC undoubtedly adopted the inside wiring provision in order to stimulate competition and promote consumer choice of services, it's undeniable that operators around the country have an investment of billions of dollars in labor and materials for the inside wiring portion of their plant. While some of that cost was recouped in installation fees, a good portion of it was not, as operators offered free installation as an incentive for new customers. Competitive providers won't have to incur those same costs if they can gain control of the wiring at some central point.

Organizations like the NCTA are keeping a close eye on the inside wiring issue because "in our view, getting control of the cable drop wiring is the whole ballgame," says a spokesperson for the association.

How will the issue be resolved? While there has not been much visible activity on the issue from the Commission since its January meeting, the wiring issue may soon become part of larger interconnection legislation to be born in Congress. The USTA (United States Telephone Association) has filed a petition asking the FCC to take a closer look at the whole wiring topic as a part of the interconnection issue, noting that the cable and telco industries are rapidly converging, and a common set of rules should govern both the industries. **CEO**

References

1. "Ex-tabloid publisher attacks cable," by Sana Siwolop, *Cablevision*, January 23, 1995, pp. 22-29.